

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** Original  
**POSITION:** Neutral

**BILL NUMBER:** AB 2768  
**AUTHOR:** L. Levine

**BILL SUMMARY: Energy: Solar Energy Systems: Pricing**

Existing law requires solar customers obtaining the California Solar Initiative (CSI) subsidy to be on time-of-use (TOU) rates. This bill would remove the TOU rate requirement.

**FISCAL SUMMARY**

The bill would have no fiscal impact on the Public Utilities Commission (PUC). Chapter 132, Statutes of 2006 (SB 1) established the CSI, a \$3.3 billion program to subsidize the installation of solar photovoltaic energy systems.

**COMMENTS**

The Department of Finance is neutral on this bill as it would have no fiscal impact to the PUC and could encourage the installation and use of solar energy systems.

SB 1 created the CSI to encourage the installation of 3,000 megawatts of solar electricity in California in 10 years through customer rebates. SB 1 also requires solar energy customers to obtain electricity service using TOU rates specifically for solar energy customers.

The TOU rate was intended to encourage the installation of solar energy systems by providing the highest rebates for electricity produced during periods of peak system demand. However, the original goal of the mandatory TOU rates is now met through the use of a Public Utilities Commission (PUC) rebate calculator. The PUC indicates that the calculator achieves the same goal as TOU rates by rewarding customers for siting their panels to maximize total production during times when the utilities most need the electricity.

This bill would provide ratepayers installing solar energy systems the option of taking service under the new time-variant rate or a flat rate if there is a flat rate for which the ratepayer qualifies. As such, this bill would eliminate an unnecessary requirement from the CSI that all solar energy customers be on the TOU rates, and allow ratepayers to opt for the most economical rate.

|                   |  | SO | (Fiscal Impact by Fiscal Year) |       |                    |    |           |    |           |      |      |
|-------------------|--|----|--------------------------------|-------|--------------------|----|-----------|----|-----------|------|------|
| Code/Department   |  | LA | (Dollars in Thousands)         |       |                    |    |           |    |           |      |      |
| Agency or Revenue |  | CO | PROP                           |       |                    |    |           |    |           |      | Fund |
| Type              |  | RV | 98                             | FC    | 2007-2008          | FC | 2008-2009 | FC | 2009-2010 | Code |      |
| 8660/PUC          |  | SO | No                             | ----- | See Fiscal Summary |    |           |    | -----     | 0462 |      |
| <u>Fund Code</u>  | <u>Title</u>                             |    |                                |       |                    |    |           |    |           |      |      |
| 0462              | Publ Utilities Comm Utilities Reimb Acct |    |                                |       |                    |    |           |    |           |      |      |

|                                       |      |                                      |      |
|---------------------------------------|------|--------------------------------------|------|
| Analyst/Principal<br>(0633) K. DaRosa | Date | Program Budget Manager<br>Karen Finn | Date |
| Department Deputy Director            |      | Date                                 |      |

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|----------------------|-----|-------|-----------------------------|
| Governor's Office:   | By: | Date: | Position Approved _____     |
|                      |     |       | Position Disapproved _____  |
| <b>BILL ANALYSIS</b> |     |       | Form DF-43 (Rev 03/95 Buff) |